



Division of Insurance

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Geographic Rating Areas for Health Insurance in Mountain Resort Communities

The Colorado Division of Insurance (DOI) has fielded many calls and questions regarding the differences in health insurance premiums that are offered in mountain resort areas compared to other parts of the state. "The additional transparency that has been brought about by the implementation of the Affordable Care Act has given people the opportunity to compare prices, and so they are naturally concerned about the differences they are seeing across geographic regions," explained Insurance Commissioner Marguerite Salazar.

The Affordable Care Act (ACA) required states to establish geographic rating areas for health insurance in the small group market (employers with 50 or fewer employees) and the individual market. Prior to the ACA, the DOI did not set the geographic rating areas in the individual market, but required health insurers to justify the factors they used. The small group market previously had nine geographic areas.

"Geographic rating areas are needed as healthcare costs are different for different areas," said Commissioner Salazar. "For example, the mountain and resort communities have had higher premiums than the front range, on average, over the past 25 years. Data shows it costs more to provide services in those areas compared to other parts of Colorado."

The two main factors impacting the cost of healthcare are direct costs – the price of services – and utilization - the frequency of use of the healthcare system. In preparation for 2014, the DOI developed a structure of 11 geographic rating areas that accounted for these factors. The 11 areas were submitted to and approved by the U.S. Department of Health and Human Services.

Due to the legal requirements of the premium rate review process, the geographic areas for 2014 cannot be revisited, but the review process for the 2015 geographic areas has already started. As the review moves forward in 2014, the DOI will implement a public process for stakeholders to offer opinions about the proposed geographic rating areas.

For more details, please see the ["Fact Sheet: Colorado Geographic Rating Requirements in Mountain Resort Counties,"](#) and ["Factors Affecting Health Insurance Premiums for Plans Effective 1/1/14,"](#) both available at the Division's website, www.dora.colorado.gov/healthinsurance.

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[DORA](#) is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado.

Consumer protection is our mission.